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C O N F I D E N T I A L SECTION 01 OF 02 MANAGUA 000175

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SUBJECT: PLC DEPUTIES FORM NEGOTIATING COMMITTEE WITH THE
ALN, REFUSE TO DEFEND ALEMAN

Classified By: Ambassador Paul Trivelli for reasons 1.4 (b and d)

¶1. (C) Summary: A group of National Assembly deputies from the Liberal Constitutional Party (PLC) recently expressed a willingness to work with the Nicaraguan Liberal Alliance (ALN) on legislative issues and reported they have formed a negotiating committee with the ALN. The deputies, including the head of the PLC caucus, pledged that the party would never support "totalitarian" reforms that would benefit the Sandinista National Liberation Front (FSLN). When we mentioned the presence of PLC leader and convicted ex-President Arnoldo Aleman, smiling and happy, at President Daniel Ortega's inauguration, the deputies declined to defend him, possibly suggesting a shift away from the controversial caudillo. End Summary.

¶2. (C) DCM hosted a cocktail on January 17 with the following members of the PLC caucus in the National Assembly: Maximino Rodriguez (Matagalpa, head of PLC caucus); Jose Pallais (Leon); and Victor Manuel Duarte (RAAN). (Comment: Rodriguez, himself new to the PLC leadership structure, was eager to meet with us and invited newly-elected PLC deputies Pallais and Duarte to the cocktail as well. End Comment.)

Seeking Rapprochement with the ALN

¶3. (C) Rodriguez, Pallais, and Duarte agreed that Ortega won the election because of "egos" and Liberal divisions, which "must be healed" before the 2008 municipal elections if the Liberals wish to continue as a viable political force in Nicaragua. Rodriguez commented that the PLC has established a negotiating committee with the ALN to discuss legislation in the National Assembly and "build confidence" between the two parties. The three committee members on the PLC side are Rodriguez, Pallais, and Porfirio Castro; the ALN members are ALN caucus head Maria Eugenia Sequeira, Alejandro Bolanos, and Eliseo Nunez, Sr. Rodriguez requested that we intercede with the ALN to prevent an extension of the Framework Law (septel), which will prevent the National Assembly from gaining more control over the Executive. DCM replied that we will encourage the ALN negotiators to continue their efforts to engage their PLC counterparts and seek common ground to the benefit of Nicaragua.

¶4. (C) When we asked about the PLC position on FSLN-proposed reforms to Law 290, which would transfer more authority from the ministries and autonomous entities to the Presidency, they pledged that the PLC would never support "totalitarian" reforms. (Comment: The same evening, DCM called ALN leader/former presidential candidate Eduardo Montealegre to

encourage his party's engagement with this group of PLC lawmakers and PolCouns spoke with ALN caucus head Maria Eugenia Sequeira to the same effect. Both were amenable to our suggestion and encouraged by the fact that we had met with the PLC deputies and that they had evinced interest in mending their differences with their ALN colleagues for the good of the country. Montealegre and Sequeira indicated that they share the PLC's opposition to "fast-tracking" the FSLN's proposed revisions to Laws 290 and 228. Nevertheless, the ALN differs with the PLC over extending the implementation of a number of constitutional reforms; the ALN believes the extension is necessary to dampen the influence of the FSLN-PLC pact, while Aleman seeks the implementation of these reforms on 20 January because they entail, inter alia, the establishment of regulatory agencies that the FSLN and PLC will staff with their cronies. End Comment.)

Countering the Sandinista Hold on Civil Society

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15. (C) The PLC lawmakers voiced alarm over the Sandinista's efforts to expand their participation at the grass roots level and acknowledged that the Liberals are relatively inexperienced in this area and unable to compete. Duarte commented that the FSLN is already organizing support committees in rural areas in the North Atlantic Autonomous Region (RAAN) to gain favor in traditional rural strongholds. The ALN and PLC must resolve their differences and jointly rally to create socially-minded grass roots activities to counter the FSLN-directed "co-ops" he said are sprouting up throughout the area. Duarte agreed that the creation of Venezuelan-style "citizen councils" (anticipated in the FSLN reforms) would only undermine the municipal governments and centralize decision-making under the President.

16. (C) The deputies only laughed and refused to defend their "supreme leader" when we commented on Arnolfo Aleman's presence, smiling and hobnobbing with senior FSLN officials, at Ortega's inauguration. They did not disagree with the statement that the PLC-FSLN political pact led by Aleman and Ortega has damaged the PLC. Rodriguez commented that the party is not "the personal property of an individual."

17. (C) Comment: The attitude of the PLC deputies signals a shift from pre-election meetings with similar groups, who would always hasten to defend Aleman and proclaim his innocence (at least in the presence of others). However, these more moderate leaders do not represent the hard core PLC militancy that remains loyal to Aleman -- at all apparent cost. These new leaders may be able to move the party away from its hostage-like relationship with the FSLN and towards its natural ally, the ALN, but Ortega and Aleman, who have certainly caught wind of these efforts, will do their utmost to derail the rapprochement. Indeed, on January 18, Sequeira told us that the PLC deputies, led by PLC vice president and Assembly deputy Wilfredo Navarro, who met with Ortega earlier in the evening, had apparently "betrayed" the PLC caucus' earlier decision to oppose fast-tracking deliberations on Law 290, and instead, had offered to place the Law on the Assembly's agenda for the following morning. Only the ALN's objection and the FSLN's willingness to compromise postponed the discussions until January 23 to allow for consultations, she reported. We believe this incident demonstrates growing divisions within the PLC ranks. We will continue to encourage confidence building measures between the two parties and a gradual rapprochement focused on common interests -- without the harmful influence of Aleman.

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